

In one embodiment of the present invention, an electronic payment method is provided, wherein the transaction is approved or denied in real time. An aspect of an embodiment of the present invention is a funds transfer system that authorizes or denies an electronic purchase at the time of the purchase request. A feature of the present invention is that both the purchaser and vendor may proceed with the transaction and maintain the privacy of the parties involved.

One embodiment of the present invention provides a method of purchasing from a vendor that does not necessarily require ownership of a credit card. A feature of an embodiment of the present invention is a funds transfer system that securely accesses a purchaser's bank account. Yet another feature of an embodiment of the invention is a funds transfer system that debits or credits a party's credit card account if the party so chooses. Yet another embodiment of the present invention is a funds transfer system that transfers "quasi-currency." Yet another feature of an embodiment of the present invention is the use of an automated clearing house to transfer funds electronically from a purchaser to vendor through a funds transfer system. An aspect of the present invention is that virtually any person or entity with a bank account, credit card account or "quasi-currency" plan may utilize the present payment system.

One embodiment of the present invention allows a purchaser to transfer funds from an account to a vendor without providing sensitive account information to the vendor. A feature of an embodiment of the present invention is a separate funds transfer system that validates the purchaser. Another feature of an embodiment of the present invention is that the funds transfer system, and not the vendor, accesses the purchaser's account. Another feature of an embodiment of the present invention is that account information need only be provided once to the funds transfer system. Another feature of an embodiment of the present invention is that account information is only provided to the funds transfer system. Another feature of an embodiment of the present invention is that a purchaser may register with the funds transfer system on line, via phone, via fax, on site or via regular mail. A further aspect of an embodiment of the present invention is that a purchaser need not provide sensitive financial information each time a purchase is

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made. Another aspect of one embodiment of the present invention is that the purchaser need not provide financial information to multiple vendors. Another aspect of one embodiment of the present invention is that neither the vendor nor the purchaser has access to the other's financial information. An aspect of one embodiment of the present invention is that fraud can be limited.

A further aspect of one embodiment of the present invention is to provide a system for making electronic purchases suitable for all types of transactions. A feature of an embodiment of the present invention is to provide a funds transfer system with purchaser account information. Another feature of an embodiment of the present invention is to provide the funds transfer system with merchant account information. Another feature of an embodiment of the present invention is to provide a merchant with digital IOU" that may be redeemed at a later time. A feature of an embodiment of the present invention is that funds may be transferred through an automated clearing house from one account to another, regardless of the owner. Another feature of an embodiment of the present invention is that the transaction may occur in real time. Another feature of an embodiment of the present invention is that the digital IOU's can be redeemed by transferring funds from a purchaser account to a merchant account through a funds transfer system. The redeeming step may further include use of an automated clearing house. An aspect of one embodiment of the present invention is that no e-mail notification is required for real time transactions. Yet another aspect of one embodiment of the present invention is that a merchant may redeem multiple digital IOU's all at once. Yet another aspect of one embodiment of the present invention is its suitability for consumer-to-consumer, business-to-business or consumer-to-business transactions.

In brief, one embodiment of the invention is an electronic transaction method, the transaction including a user on a network, comprising the steps of: accessing a vendor system; transmitting a purchase selection to the vendor system; and selecting a payment option comprising: connecting to a funds transfer system, the funds transfer system separate from the vendor system; sending purchase data from the vendor system to the funds transfer system; sending a validation request from the fund transfer system to

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the user; sending validation information from the user to the funds transfer system; checking the validation information against a database at the funds transfer system, the data base including user account information; wherein if the user is validated, transferring funds from the user's account to the vendor through the funds transfer system; and wherein if the user is not validated, returning a message to the user denying the purchase.

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An embodiment of the invention also includes a method for making an electronic purchase comprising: connecting to a vendor system having a vendor; selecting at least one item to be purchased from the vendor system; a step for authorizing the purchase, the step comprising: sending purchase information from the vendor system to a funds transfer system, the purchase information including a purchase price, sending a request for payment information from the funds transfer system to a user; sending payment information from the user to the funds transfer system; a step for validating payment information at the funds transfer system, wherein if the payment information is validated, a step for crediting a vendor account an amount equal to the purchase price; and a step for debiting a user's account an amount equal to the purchase price.

Another embodiment of the invention is also a funds transfer apparatus comprising: at least one connection to a vendor system; at least one connection to a purchaser system; a means for validating a purchase by a purchaser using the purchaser system from a vendor using the vendor system, wherein the purchase validation means comprises: a machine readable medium having a purchaser database including purchaser information thereon; a means for receiving a purchase information from the vendor system; a means for receiving payment information from the purchaser system; and a means for comparing the payment information to the purchaser information; and a means for paying the vendor for the purchase. The means for paying the vendor may comprise a connection to an automated clearing house, the automated clearing house capable of executing a funds transfer.

An embodiment of the invention also includes a method for facilitating an electronic purchase comprising: receiving purchase information from a vendor, the purchase information including a purchase price; receiving purchase information from a

purchaser, the purchaser information including an identification of a purchaser account; validating the purchaser information; wherein if the purchaser information is not validated, sending a message to the purchaser that the electronic purchase is denied; and wherein if the purchaser information is validated, sending a digital IOU to the vendor; and a step for redeeming the digital IOU. The step for redeeming the digital IOU may further comprise the steps of: receiving the digital IOU from the vendor; confirming the digital IOU; transferring the funds to the vendor; and receiving funds from the purchaser account equal to the digital IOU.

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Another embodiment includes a method for transferring funds from a payor to a payee comprising: transmitting payment information to a funds transfer system, the payment information including payee identification, payor identification and payment amount; a step for validating the payment information at the funds transfer system; wherein if the payment information is not validated, notifying the payor that the payment information is not valid; and wherein if the payment information is validated, a step for transferring funds from a payor account to a payee account. The method may further comprise notifying the payee of the funds transfer. The step for validating the payment information may comprise checking the payor identification and the payee identification against a user database in the funds transfer system. That database may include account information for the payor and the payee.

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14. (Amended) A method for facilitating an electronic purchase using a funds transfer system, the method comprising steps of:
- receiving purchase information from a vendor, the purchase information including a purchase price;
 - receiving purchaser information from a purchaser, the purchaser information including an identification of a purchaser account;
 - validating the purchaser information, wherein: